

Message Text

CONFIDENTIAL

PAGE 01 KABUL 01975 161301Z

43

ACTION AID-31

INFO OCT-01 NEA-10 ISO-00 IGA-02 SS-15 SP-02 EB-07 CIAE-00

DODE-00 SSO-00 NSC-05 NSCE-00 /073 W

----- 029736

O 161230Z MAR 76

FM AMEMBASSY KABUL

TO SECSTATE WASHDC IMMEDIATE 6655

CONFIDENTIAL KABUL 1975

FOR AID ASSISTANT ADMINISTRATOR NOOTER AND NEA

DEPUTY ASSISTANT SECRETARY DUBS

E.O. 11652: GDS

TAGS: EAID, AF

SUBJ: LOAN VS GRANT FOR RURAL PRIMARY SCHOOL PROGRAM

1. I BELIEVE YOU SHOULD KNOW, IN CONNECTION WITH VINCE BROWN'S VISIT TO WASHINGTON STARTING MARCH 17, THAT THE GOA HAS NOT MADE A DECISION ON WHETHER TO ACCEPT A LOAN FOR THE PHASE II RURAL PRIMARY SCHOOL PROGRAM. IN FACT THE POSITION OF MINISTER OF PLANNING KHURRAM APPEARS TO HAVE HARDENED SINCE WE FIRST INFORMED HIM OF WASHINGTON'S NEGATIVE REACTION TO THE AFGHAN REQUEST FOR A GRANT FOR REASONS OUTLINED IN REF B. WE NOW HAVE LITTLE DOUBT THE MINISTER IS ACTING UNDER CONSIDERABLE PRESSURE FROM THE PRESIDENT. IN DISCUSSIONS WITH KHURRAM LAST WEEK AND AGAIN MARCH 15, HE MADE THE STRONGEST AND MOST PROLONGED ARGUMENTS FOR A GRANT. ON MARCH 11, HE TOLD VINCE BROWN THAT AN EDUCATION LOAN WAS QUOTE IMPOSSIBLE UNQUOTE. HE STRESSED THAT POST EDUCATION PROJECTS INCLUDING INFRASTRUCTURE WERE ALWAYS GRANT FINANCED BY AID; HE COULD NOT UNDERSTAND THE PRESENT AID SHIFT FROM GRANT TO LOAN FOR SUCH A SOCIAL DEVELOPMENT PROGRAM. HE ADDED HIS GOVERNMENT WOULD PROBABLY REJECT A RECENT ADB OFFER OF LOAN ASSISTANCE IN THE EDUCATION FIELD. THE GOA, ON THE OTHER HAND, WAS ACCEPTING AN IDA LOAN FOR THE VOCATIONAL SCHOOL PROGRAM BECAUSE OF A PRIOR GOA COMMITMENT WHICH IT HAD ACCEPTED IN PRINCIPLE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KABUL 01975 161301Z

BESIDES, ACCORDING TO KHURRAM, IDA LOAN TERMS WERE QUOTE

BETTER THAN AID'S UNQUOTE NO MATTER HOW SMALL THE DIFFERENCE.

2. THE MINISTER LEFT WITH US TWO CLEAR IMPRESSIONS:

(A) CONTRARY TO OUR VIEW EXPRESSED IN PARA ONE REF A,
THE CHANCES THAT THE GOA WILL ACCEPT A LOAN FOR THIS
PROJECT NOW APPEAR NO BETTER THAN FIFTY-FIFTY; AND (B)
A RENEWED AND CONCERTED GOA EFFORT FOR A GRANT SCHOOL PROGRAM
CAN BE EXPECTED.

3. I BELIEVE IT SHOULD BE MENTIONED IN THIS CONTEXT THAT WE
ARE BEING HIT FROM VARIOUS LEVELS OF THE GOA, INCLUDING
DAOUD (STATE 1649, PARA THREE) WITH THE THEME THAT AMERICAN
SUPPORT FOR AFGHANISTAN CAN AND SHOULD BE LARGER. IT IS
REASONABLE TO CONCLUDE THAT DAOUD HAS DETERMINED THAT PRESSURE
SHOULD BE APPLIED ON THE U.S. TO DO MORE. WE SHOULD VIEW
THE GOA'S PROBLEMS WITH LOAN FINANCING FOR THE RURAL SCHOOLS
PROJECT IN THE CONTEXT OF ITS ASSESSMENT FO OVERALL US
INTENTIONS.

4. AT THIS POINT, I WANT TO ASSURE YOU THAT WE HAVE MADE
CONCERTED EFFORTS TO CONVINCE THE GOA TO ACCEPT A SCHOOL
LOAN. OBSERVABLE RESULTS HAVE BEEN NIL. KHURRAM HAS SAID
SEVERAL TIMES HE FEELS THAT AFGHANISTAN IS RECEIVING SHORT
SHIFT FROM THE USG IN RELATION TO UR SIZEABLE ASSISTANCE
PROGRAMS THROUGHOUT THE NEAR AND MIDDLE EAST. OUR ARGUMENTS
THAT THE COMPARISON OF OUR ASSISTANCE PROGRAMS IN THE
MIDDLE EAST TO OUR AFGHAN CONTRIBUTIONS IS A COMPARISON OF
APPLE AND ORANGES DOES NOT SEEM TO MAKE MUCH OF A DENT ON
KHURRAM. I IMAGINE WE WILL CONTINUE HEARING GOA URGING FOR
ADDITIONAL AID FUNDING FOR COSTLY PROJECTS OUTSIDE OF
USAID'S POPULAR AND WELL ACCEPTED ASSISTANCE FRAMEWORK OF
DEVELOPING AND IMPLEMENTING PROGRAMS WITH DIRECT AND
MEASURABLE BENEFITS FOR THE RURAL POPULATION.

5. MYWS* ;8EW, STATE IN PARAS 3 AND 4 OF REF A, HAS NOT
CHANGED; IN FACT, IT HAS BEEN REINFORCED AS A RESULT OF THE
AFGHAN REACTION TO OUR CARRYING OUT THE INSTRUCTIONS IN REF B.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KABUL 01975 161301Z

MY STRONG PREFERENCE CONTINUES TO BE FOR GRANT FINANCING.
I THEREFORE HOPE YOU CAN TAKE ADVANTAGE OF VINCE BROWN'S
VISIT TO REVIEW THIS MATTER ONCE AGAIN. IF UNRESOLVED BY
THE TIME OF BOB NOOTER'S VISIT, IT IS CERTAIN TO BE HIGH
ON THE AFGHAN AGENDA AT THAT TIME.

ELIOT

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, LOANS, ELEMENTARY EDUCATION
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KABUL01975
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760098-0840
From: KABUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760357/aaaabycb.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2004 by buchant0>; APPROVED <27 SEP 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LOAN VS GRANT FOR RURAL PRIMARY SCHOOL PROGRAM
TAGS: EAID, AF, (KHURRAM, ALI AHMAD)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006